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1988-1989 ANNUAL FINANCIAL REVIEW

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The Annual Report
of the
Supermarket
Companies

Conducted by:
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for the Research Department
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The Food Marketing Institute (FMI) is a nonprofit association conducting programs in research, education and public affairs on behalf of its 1,600 members ~ food retailers and wholesalers and their customers in the United States and around the world. FMI's domestic member companies operate approximately 17,000 retail food stores with a combined annual sales volume of $180 billion ~ more than half of all grocery sales in the United States. FMI's retail membership is composed of large multi-store chains, small regional firms and independent supermarkets. Its international membership includes more than 200 members from over 50 nations.

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Executive Summary

The major changes in the food industry continued to be reflected in its financial statements in the fiscal year 1988-89. The intense pace of new store construction, mergers and buyouts moved industry profits down to 0.71 percent of annual sales from the 1987-88 level of 0.77 percent.

Interest expenses were the biggest factor in this year's profit picture. For the first time since this Review began, interest expenses crossed the 1 percent mark, reaching 1.13 percent of sales. Total liabilities as a percent of total assets increased to 81.95 percent, up from 70.88 percent in 1987-88. The proportion of bank loans represented the biggest change in the balance sheet: 18.32 percent of total assets in 1988-89 compared with 7.45 percent in 1987-88.

The industry's return on total assets ratio was 2.65 percent in 1988-89, a slight decrease from last fiscal year's 3.47 percent. Return on equity was up to 16.94 percent from last year's 11.40 percent.

The *Annual Financial Review* (the Review) is designed to promote a better understanding of the economics of the supermarket industry. The Food Marketing Institute (FMI) has been tracking the financial performance of the supermarket industry for the past 16 years.

The review was conducted for FMI by Gerke & Associates, Inc. Information was gathered from an extensive mail survey and public financial reports. In all, data were collected from 129 companies operating 11,763 supermarkets.

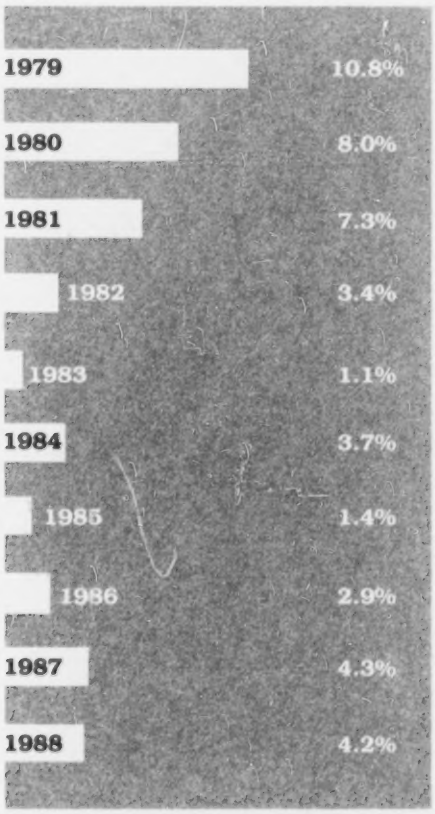
Selected Economic Data

The overall inflation rate for the U.S. economy rose slightly to 4.1 percent in 1988 compared with 3.6 percent in 1987. The inflation rate has remained under 5 percent from 1983 through 1988.

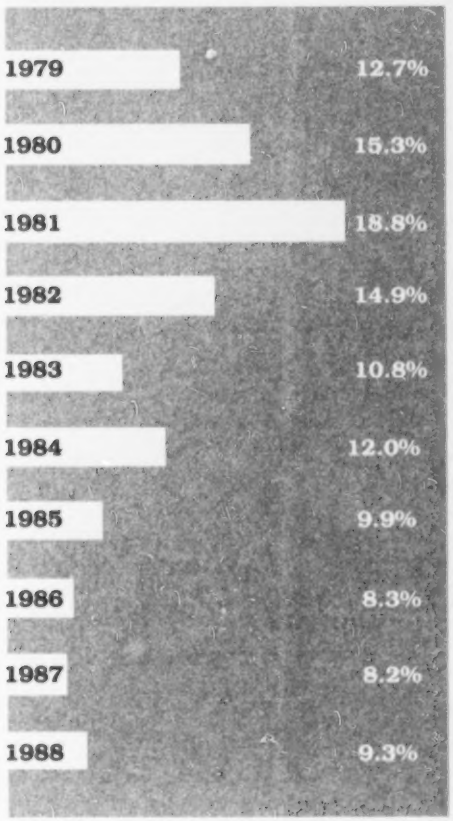
The Consumer Price Index (CPI) for food at home in 1988 was 4.2 percent, which was about the same as for the previous year. The fact that food prices grew only 4.2 percent is particularly remarkable considering the effects of last year's drought.

Interest rates last year stabilized somewhat, particularly in the second half. The prime rate averaged 9.3 percent in 1988, which was about one percent higher than 1987. Overall, though, average interest rates have been reasonably steady over the last four years. This stability in the capital markets has undoubtedly increased confidence in borrowing money for large financing needs.

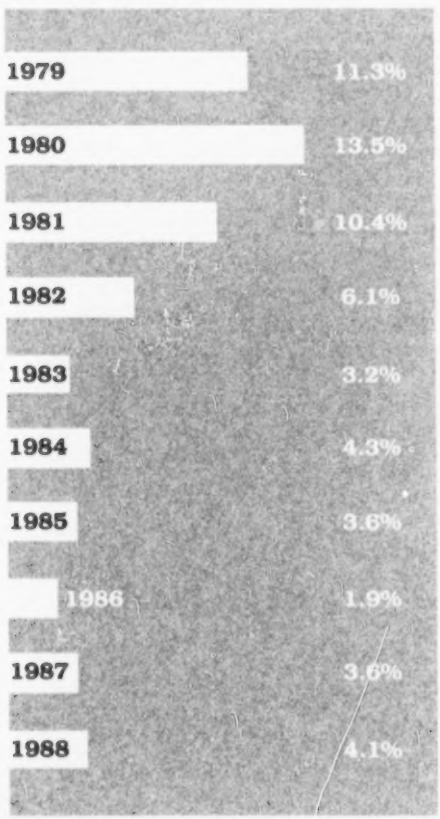
Consumer Price Index for all Urban Consumers: Annual Percentage Change



Interest Rates:
Average Prime Rates Charged by Banks



Consumer Price Index for Food at Home:
Annual Percentage Change



Key Financial Ratios

In examining financial data, four ratios are traditionally used to provide an overall picture of the financial health of companies:

Profit ratios:

- Operating profit margin - the net profit after taxes and before any extraordinary items, as a percentage of sales. This is profit from the normal operations of the firm, including its primary business, supermarkets, and other normal items such as interest expenses, gain on sale of securities, etc. It excludes the effects of any extraordinary items, that is, one-time transactions which are both unusual and infrequent in nature.

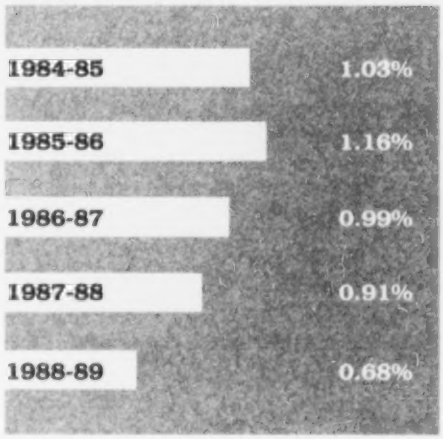
- Net profit margin - net income after taxes as a percentage of sales. It measures the portion of the firm's sales dollar that is left after paying all expenses, including the cost of the products as well as the realization of any extraordinary gains or losses.

Return on investment ratios :

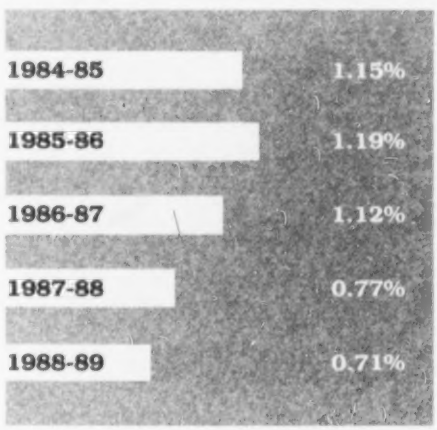
- Return on total assets - net income after taxes as a percentage of total assets. It measures the ability of a company's combined equity capital and debt securities to generate profits. Return on assets reflects the profit generated from the firm's asset base regardless of how it is financed.

- Return on equity - net income after taxes as a percentage of owners equity. This relates the earnings of the company specifically to the resources provided by its owners. It reflects the effectiveness of the firm in employing leverage, i.e., funds acquired from outsiders through the issuance of debt securities.

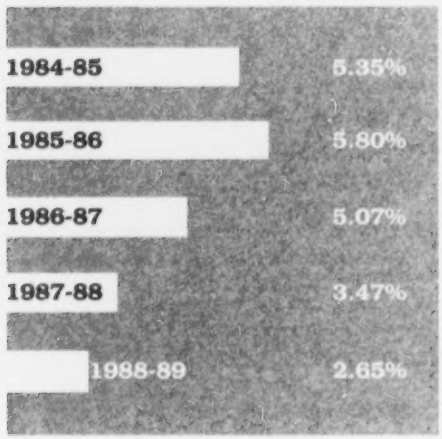
Operating Profit
Net Income After Taxes and Before Extraordinary Items



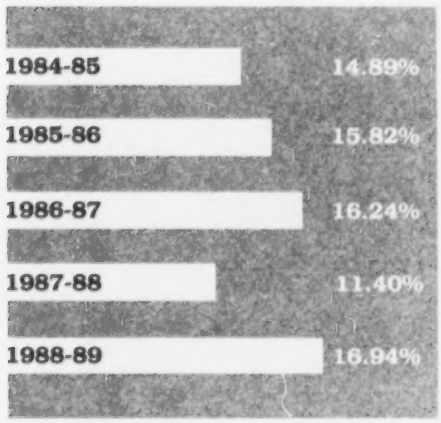
Net Profit
Income After Taxes as a Percentage of Total Sales



Return on Total Assets
Net Income as a Percentage of Total Assets



Return on Equity
Net Income After Taxes as a Percentage of Total Net Worth



Note : The companies surveyed are divided into two size groups for purposes of calculating the overall averages: those with sales below $100 million and those with sales above. $100 million See the Methodology section on p. 16 for further explanation.

For the fiscal years 1983-84 through 1986-87, the operating profit margin averaged 1.04 percent of annual sales. In 1987-88, operating profits declined to 0.91 percent as the effects of higher interest expenses from company mergers, restructurings and other intensive capital requirements began to be felt. In 1988-89, even greater interest expenses helped to bring the operating profit down to 0.68 percent (see the section on the Income Statement, p. 9).

For the second year in a row, supermarket companies made less than one cent on the dollar: 0.71 percent compared with 0.77 percent in 1987-88. Both these years represent a substantial change from the net profit figures in previous years but for very different reasons. The low figure in 1987-88 was primarily caused by a loss in extraordinary items, resulting from an accounting change mandated by the Financial Accounting Standards Board (FASB) (see the section on "Changes in Accounting Rules," p. 14). In 1988-89, the "net extraordinary items" turned positive again, in line with previous periods. Higher interest payments were the major contributor to the 1988-89 profit decline.

Return on total assets decreased from 3.47 percent in 1987-88 to 2.65 percent in 1988-89, the result of lower net-profits and a larger asset base (see the section on "The Balance Sheet," p. 10). In other words, companies are generating less profits while at the same time expanding their assets.

Return on equity increased to 16.94 percent in 1988-89 compared with 11.40 percent for the previous year. This resumes the general upward trend in this ratio over the last few years. A slight decline in profitability coupled with a much smaller percentage of equity to debt resulted in increased return on equity. The fact that the return on equity ratio is higher than the return on total assets number indicates that supermarket companies are making effective use of leverage.

Key Financial Ratios By Company Size

Profit ratios were calculated for three company-size categories based on annual sales of:

Less than $50 million - small companies

$50-$500 million - mid-sized companies

More than $500 million - large companies

The profit margin for small and large firms declined slightly in the current year from the 1987-88 level, while mid-sized companies had an exceptional year, particularly those between $100 - $500 million in sales. The higher profit margin brought an increase in return on assets for the mid-sized firms. Profit levels were achieved with significantly lower equity and greater long-term debt, resulting in increasing return on equity for mid-size and large companies.

Special Note :

The average profit margin for each of the three groups of companies shown here are greater this year than the industry number. This anomaly occurred because the sample companies are grouped and weighted differently when calculating the overall industry average (see the Methodology section on p. 16).

Companies with sales of $50 - $100 million had very low profit margin numbers, while those $100 - $500 million generally had high average profit margins. The effect reduced the under $100 million group (and hence the industry average), while having offsetting effects for the $50 - $500 million mid-sized company group.

Net Profit:
Net profit After Taxes and Extraordinary Items as a Percentage of Sales

	1984-85	1985-86	1986-87	1987-88	1988-89
Sales Under $50 million	0.78%	1.01%	0.76%	0.79%	0.75%
Sales of $50-$500 million	0.83%	0.81%	0.90%	0.67%	1.08%
Sales of Over $500 million	1.36%	1.32%	1.13%	0.79%	0.78%

Return on Total Assets:
Net Profit After Taxes as a Percentage of Total Assets

	1984-84	1985-86	1986-87	1987-88	1988-89
Sales Under $50 Million	5.86%	6.90%	4.94%	5.15%	3.65%
Sales of $50-$500 Million	3.97%	3.86%	3.91%	3.46%	4.49%
Sales of Over $500 Million	5.75%	5.72%	4.12%	2.95%	2.53%

Return on Equity:
Net Profit After Taxes as a Percentage of Equity

	1984-85	1985-86	1986-87	1987-88	1988-89
Sales Under $50 Million	16.35%	19.54%	16.25%	13.05%	10.95%
Sales of $50-$500 Million	11.01%	10.24%	11.90%	9.69%	14.49%
Sales of Over $500 Million	15.64%	15.78%	14.81%	11.18%	21.01%

Tax Rates

Income Taxes

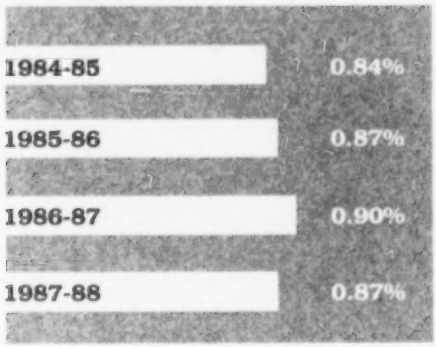
The effective income tax rate paid by supermarket companies averaged 39 percent in 1988-89, the same as the previous year. This continued the generally beneficial aspects of the Tax Reform Act of 1986, which, among other changes, reduced the maximum federal corporate tax rate.

Wage Based Taxes

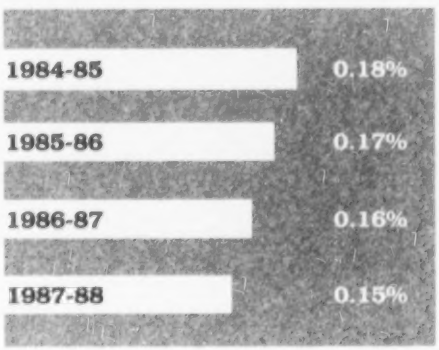
In addition to income taxes, the wage-based taxes that supermarket companies pay have become a significant cost of business. In 1988-89 supermarket employers' FICA tax payments (Social Security) averaged 0.87 percent of sales. This is similar to the 0.90 percent paid in the prior year. The amount of FICA taxes paid by the industry exceeded its total net income for the year.

Unemployment tax payments have been fairly steady over the past four years with a slight downward trend as a percentage of sales. They averaged 0.16 percent of sales in 1987-88, dipping to 0.15 percent in 1988-89.

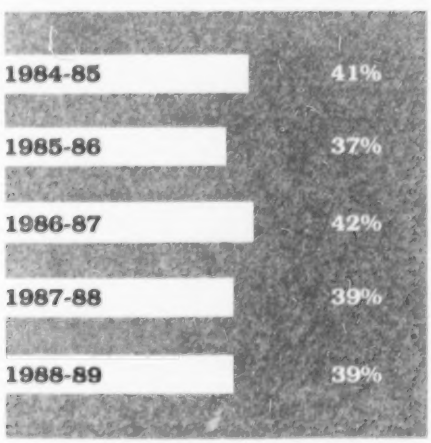
FICA Tax Payments as a Percentage of Sales



Unemployment Compensation Taxes as a Percentage of Sales



Effective Tax Rate



Income Statement

The supermarket industry's income statement for 1988-89 exhibited some significant differences from the previous period, many of these caused by financial restructurings relating to buyouts, etc.

Looking item by item, cost of goods sold and operating income duplicated the results of 1987-88. The largest change was in the interest expense category. For the first time, interest expense exceeded 1 percent of sales. The income statement reflects the ever-greater debt load resulting from industry mergers, restructuring, and aggressive building and remodeling programs. The increase from last year continued the trend started in the 1986-87 time period.

The trend in interest expenses is also apparent when examining "times interest earned" (Operating Income divided by Interest Expenses). The times interest earned ratio measures the ability of the firm to cover its interest expenses in the current period. This ratio was 1.76 in 1988-89 compared with 2.29 in 1987-88 and 3.51 in 1986-87. Thus, supermarket companies covered their interest payments 1.76 times in 1988-89, compared with 2.29 times in 1987-88 and 3.51 times in 1986-87. This indicates that they are in no danger of defaulting on their fixed obligations to creditors. However, the portion left over to be disbursed to the owners as profit has declined considerably.

"Other income" was down somewhat, but taxes paid were less due to reduced income. The overall result of these factors was that operating profit was 0.68 percent of sales in 1988-89 compared to 0.91 percent in 1987-88.

Extraordinary items* posted a gain. In 1987-88, this category posted a loss due to an accounting change mandated by the Financial Accounting Standards Board (see the section "Changes in Accounting Rules"). As in past periods (except 1987-88), extraordinary items brightened the 1988-89 profit picture somewhat with slight gains. This raised the average net income 0.03 percent of sales compared with the previous year's drop of 0.14 points. A review of the last several years of income statements underscores the major changes that have taken place in the supermarket industry over the last three years.

**Extraordinary items:*
Items that are unusual in nature and infrequent. The Accounting Principles Board states in Opinion No. 30 "the underlying event or transactions should possess a high degree of abnormality and be of a type clearly unrelated or only incidentally related to the ordinary and typical activities of the entity." However, there are certain items which are required to be reported as extraordinary even though they are not unusual or infrequent such as the utilization of net operating loss carry forwards in the current period.

Balance Sheet - Assets

Current assets as a percentage of total assets showed a significant reduction from the previous period (40.47 percent in 1988-89 versus 47.32 percent in 1987-88). This difference is primarily due to changes in other areas of the balance sheet rather than changes in current assets. Accounts receivable was the only category which gained from the previous year.

Net property and equipment rose somewhat from last year to 45.04 percent of assets. The biggest change occurred in "Other Assets" (e.g. investments in other companies or long-term receivables). Part of this may be the result of the increased recognition of intangible assets such as goodwill.

Balance Sheet - Liabilities and Equity

In 1988-89, total liabilities increased dramatically for the industry to 81.95 percent of total assets. This gain from 70.88 percent in the previous period was caused by the large amount of funds needed to finance the many changes taking place in the industry.

The percentage of total assets financed through the use of bank loans increased dramatically to 18.32 percent compared with 7.45 percent reported in 1987-88. Bonds and debentures also increased slightly, following the trends of the past four years. This year's 10.54 percent for bonds and debentures is over four times the figure reported for 1983-84. Total long-term debt increased to 44.31 percent, up from last year's 30.04 percent.

This large increase in total liabilities resulted in reduced equity: 18.05 percent in 1988-89 compared with 29.12 percent in 1987-88. Retained earnings showed the most dramatic change: 11.81 percent vs. 1987-88's 22.59 percent. As interest expenditures increased, retained earnings decreased.

Income Statement

Income Statement for Supermarket Companies (In Percentages; Sales = 100%)

	1984-85	1985-86	1986-87*	1987-88*	1988-89*
Sales	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales and Operating Expenses	98.12	97.84	97.86	98.01	98.01
Operating Income	1.88	2.16	2.14	1.99	1.99
Interest Expenses	0.52	0.55	0.61	0.87	1.13
Other Income	0.43	0.23	0.20	0.38	0.25
Income Before Taxes and Extraordinary Items	1.79	1.84	1.73	1.50	1.11
Total Taxes on Income	0.74	0.68	0.74	0.59	0.43
Operating Profit	1.03	1.16	0.99	0.91	0.68
Extraordinary Items (Net)	0.10	0.03	0.13	(0.14)	0.03
Net Income	1.15%	1.19%	1.12%	0.77%	0.71%

* The financial restructuring of certain large retailers had a significant impact on the financial data in these years.

Balance Sheets

End-of-Year Balance Sheet for Supermarket Companies (In Percentages; Total Assets = 100%)

	1984-85	1985-86	1986-87*	1987-88*	1988-89*
Current Assets					
Cash	6.26%	5.17%	5.66%	5.10%	4.93%
Accounts Receivable	4.24	3.91	4.24	3.67	4.07
Marketable Securities	3.35	2.76	3.52	2.32	1.70
Inventory (Note A)	31.66	31.92	27.35	30.95	26.01
Other Current Assets	2.94	3.45	3.16	5.28	3.76
Total Current Assets	**48.45**	**47.21**	**43.93**	**47.32**	**40.47**
Property and Equipment (Note B)					
Land	3.80	3.92	3.59	3.74	4.19
Buildings	21.62	18.79	20.95	19.17	18.47
Fixtures and Equipment	43.52	47.88	38.56	40.71	38.94
Leasehold Improvements	10.35	9.77	10.73	9.36	9.92
Total Property and Equipment	79.29	80.36	73.83	72.98	71.52
Reserves for Depreciation	(33.18)	(33.93)	(30.94)	(29.50)	(26.48)
Net Property and Equipment	**46.11**	**46.43**	**42.89**	**43.48**	**45.04**
Other Assets	5.44	6.36	13.18	9.20	14.49
Total Assets	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Note A : Some firms value at least part of their inventory on a LIFO (last-in, first-out) basis.

Note B : Property under capitalized leases is included in the appropriate property categories based on the type of property leased.

* The financial restructuring of certain large retailers had a significant impact on the financial data in these years.

Balance Sheets

End-of-Year Balance Sheet for Supermarket Companies (In Percentages; Total Assets = 100%)

Current Liabiliities	1984-85	1985-86	1986-87*	1987-88*	1988-89*
Notes Payable	2.17%	2.71%	5.25%	4.63%	5.33%
Accounts Payable	23.39	21.63	19.00	18.38	18.92
Income Taxes Payable	1.19	1.48	1.69	0.85	0.86
Other Current Liabilities	10.18	9.78	12.97	12.76	9.08
Total Current Liabilities	35.93	35.60	38.81	36.62	34.19
Long-Term Debt					
Mortgages	5.57	6.11	10.07	6.69	7.49
Bank Loans	6.78	6.95	5.18	7.45	18.32
Bonds and Debentures	2.54	3.37	4.37	8.18	10.54
Capitalized Lease Obligations	7.35	5.90	5.36	5.39	5.01
Other Non-Current Liabilities	3.16	2.61	2.41	2.33	2.95
Total Long-Term Debt	25.40	24.94	27.39	30.04	44.31
Deferred Liabilities	1.81	2.83	3.19	4.22	3.45
TOTAL LIABILITIES	63.14	63.37	69.38	70.88	81.95
EQUITY					
Common Stock Outstanding or Proprietorship	3.62	3.95	3.74	3.44	2.48
Preferred Stock Outstanding	1.00	0.77	1.77	1.25	1.34
Paid-in Surplus	5.61	4.87	4.27	4.65	4.45
Retained Earnings	27.94	28.87	24.39	22.59	11.81
Treasury Stock	(1.31)	(1.83)	(2.95)	(2.81)	(2.03)
TOTAL EQUITY	36.86	36.63	30.62	29.12	18.05
TOTAL LIABILITIES AND EQUITY	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

* The financial restructuring of certain large retailers had a significant impact on the financial data in these years.

Changes in Accounting Rules

Some of the data in this Review were affected by major accounting changes. In December 1987, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 96, "Accounting for Income Taxes." SFAS No. 96 changed the manner in which deferred taxes are recognized within the financial statements, causing changes in the utilization of net operating loss carry forwards which are recorded as extraordinary items. Initially, all firms were to start using SFAS No. 96 for fiscal years beginning after December 15, 1988. The FASB recently amended this date to December 15, 1989. They may elect to start earlier, as did 13 percent of the companies responding to this survey. The implementation of SFAS No. 96 could result in an extraordinary gain or loss, depending on the circumstances of the individual firm. Therefore, the impact of other firms' adoption of this change on future Reviews is not known at this time. Last year's net loss in extraordinary items happened when one large retailer chose to adopt SFAS No. 96 during the fiscal year beginning in 1987.

The FASB also instituted a rule regarding subsidiaries of corporations. SFAS No. 94 requires a parent company to include in its financial statements on a consolidated basis all investments in which the company has at least a majority voting interest (more than 50%). Two percent of the firms surveyed for this year's Review included previously unconsolidated subsidiaries in their financial statements because of SFAS No. 94.

Impact of The Tax Reform Act of 1986

The sweeping changes of the Tax Reform Act (TRA) of 1986 have had many ramifications for the supermarket industry. Once again this year, the Review included a supplemental questionnaire to better understand the effects of Federal tax reform; 115 companies completed all or part of the questionnaire. Tax reform included the impact of changes in the corporate tax rate, effects of the uniform capitalization rules, changes in accounting for bad debts, and changes in depreciable life of certain assets.

Reduction in Corporate Tax Rates

Prior to the TRA, the top corporate tax rate was 46 percent. This dropped to 34 percent in 1988. The old and new rates were blended in 1987. More than half (52 percent) of the respondents in this year's Review indicated that lower tax rates had a favorable impact on company profits for the past fiscal year.

Uniform Capitalization Rules

The TRA extended the uniform capitalization rules for manufacturers to retailers and wholesalers. Under the old laws, certain indirect expenses incurred in storing, repackaging and selling of goods could be expensed instead of included in inventory. The TRA changed that distinction.

Of the firms capitalizing inventory, 23 percent included it in their book inventory amounts. The other firms handled the capitalized inventories as a tax entry, only, excluding them from inventories. In those firms surveyed, the capitalized expenses averaged to 1.3 percent of total inventories.

The new tax law also required capitalization of interest in some instances. Only 8 percent of the firms surveyed indicated that they were required to capitalize any interest expenses. On average, capitalized interest amounted to 1.2 percent of total interest expenses for those firms capitalizing interest.

The uniform requirements increased Federal income taxes in the firms surveyed. Firms reported that, on average, their Federal income tax would have been 7.6 percent less if they had not been required to capitalize inventory and/or interest.

The companies required to capitalize were asked if the requirement resulted in increased administrative costs, and 42 percent reported it had. Most of the increased costs were for higher accounting fees.

Bad Debt

The TRA also changed the way some firms account for bad debts. In this survey, 9 percent of the respondents experienced increased income tax expenses because of the requirement to change from the reserve method for bad-debts to the specific write-off method.

Depreciation

The TRA also changed the depreciable life on certain assets. As a result, 21.2 percent of the gross amount reported as buildings or building leasehold improvements were required to be depreciated over 31.5 years.

Methodology

The Review was developed from two primary sources of data: a survey mailed to the FMI members and annual reports filed with the Securities and Exchange Commission (SEC) on FORM 10-K.

For 1988-89 much of the financial data were supplied by the companies that responded to the survey. Data were not used for any company with sales of less than $2 million per store. Only firms with at least 50 percent of revenues generated from supermarket operations were included in the sample.

Data for several large publicly traded companies were obtained from annual reports filed with the SEC. In all, data were collected from 129 companies that operated 11,763 supermarkets. These firms accounted for sales of $128 billion. The sample included:

Fifty-three companies with sales of less than $50 million, 41 companies with sales of $50-$500 million and 35 companies with sales of more than $500 million.

The sample size in this survey varies from year to year, especially among the smaller firms. Some of the year-to-year changes in profitability may be due to a change in the companies responding to the survey.

The Review sampled supermarket companies. These companies may obtain some of their revenues from sources other than operating supermarkets. In the 1988-89 sample, the smaller companies (sales of less than $50 million) generated 97.4 percent of their revenues through supermarkets. The mid-sized companies ($50-$500 million) generated 95.1 percent of their sales from supermarket operations. On average, the larger firms in the sample (more than $500 million) generated 92.9 percent of their revenues from supermarkets.

Financial data were collected for company fiscal years ending between April 1, 1988, and March 31, 1989.

In order to develop the industry averages, data from each respondent were weighted by the firm's annual sales. Means were calculated for each category and weighted using data from the 1982 Census of Retail Trade. The industry average is based on a weighted average of two groups, companies with sales less than $100 million and companies with sales over $100 million. The Census data are shown in the table on the following page. The stratification and weighting of data help eliminate year-to-year changes that result from changes in the survey sample.

We believe this method of developing average financial estimates for supermarket companies provides the best published measurement of trends in the supermarket industry's capital structure. It does not, however, totally eliminate the problems of changes in sample size and varying fiscal year ending points inherent in a survey of this type.

The weightings from the Census of Retail Trade used to calculate the all-industry average are not reflected in the results for each of the annual sales categories. When calculating the averages for each of the three annual sales breakouts (see p. 7), the individual data are weighted by companies' annual sales only. This procedure can result in anomalies such as that which occurred in this year's report.

Supermarket Population Based on 1982 Census of Retail Trade*

Firm Sales (millions)	Percentage of Total Firms	Percentage of 1982 Sales	Total Sales
Less than $100	97.4%	$ 57,792,633	30.25%
$100 and over	2.6	$133,792,115	69.75%
	100.0%	$191,060,748	100.0%

*Source: U.S. Census Bureau (latest available data)

Results for Annual Sales Categories Used in Weighting the All-industry Data

	Net Profit	Return on Total Assets	Return on Equity
Less than $100 million in sales	0.52%	2.71%	9.03%
More than $100 million in sales	0.80%	2.63%	20.37%
Industry Average	0.71%	2.65%	16.94%

Definitions

Selected Balance Sheet Captions

Inventory includes all goods held for sale by supermarket companies, Some firms value inventories on a first-in, first-out basis (FIFO). Others use a last-in, first-out basis (LIFO) valuation. For the Review, the inventories are recorded as reported by the surveyed companies.

Other Current Assets include all assets (except inventory) with a defined life of less than one year (e.g., cash, accounts receivable, prepaid expenses, short-term investments).

Net Property and Equipment is all property, plant and equipment, including capital leases, less accumulated depreciation and amortization.

Other Assets include all assets (except property and equipment) with a defined life of greater than one year (e.g., investments in other companies, long-term receivables).

Current Liabilities include all debts and expenses that are due within one year (e.g., accounts payable, accrued liabilities, current portions of long-term debt).

Long-term Liabilities include all debt and expenses that are due after one year (e.g., long-term debt, capital lease obligation, deferred taxes). Equity is the difference between total assets and total liabilities. It typically comprises stock, paid-in surplus, retained earnings less treasury stock.

Selected Income Statement Captions

Sales represent all sales reported by supermarket companies. Cost of Sales and Operating Expenses includes the cost of merchandise sold by supermarkets plus all other expenses of operating the stores, distribution facilities and the central office.

Interest Expense includes all interest charges on short- or long-term debt and on capital lease obligations.

Other Income includes all non-operating income (e.g., interest income, gain on sales of securities).

Total Taxes on Income are the federal and states taxes imposed on the supermarket companies which are based on net income as reported to the government.

Extraordinary Items include all financial events that occur infrequently and are unusual in nature including the realization net operating loss carry forwards utilized in the current period (see expanded definition, p. 9).

Ratios

Operating Profit Margin is the ratio of income after taxes and before extraordinary items to sales.

Net Profit Margin is the ratio of net income to sales.

Return on Total Assets is the ratio of net income to total assets.

Return on Equity is the ratio of net income to equity.

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